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Forging meaningful consumer-brand relationships through creative merchandise offerings and innovative merchandising strategies

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Abstract

This research highlights the importance of retailer-consumer identity congruence – the match between the retail brand identity and the consumers' identity. Retailers can leverage identity congruence to forge meaningful consumer-brand relationships which will result in enhanced engagement, brand loyalty, and willingness to pay. The paper discusses how creative merchandise offerings and innovative merchandising strategies contribute to the creation of a unique retail brand identity and facilitate communication of this identity to consumers. Based on interviews with retail practitioners, we formulate five ways in which retailers can establish and communicate their brand identity through creative merchandise offerings (by focusing on unique and original merchandise, leveraging local merchandise to reflect the area, making their merchandise akin to art, offering sustainable merchandise, and a high fashion product assortment). In addition, we focus on five innovative merchandising strategies which help the retailer connect the brand to the customer (creating themes, reflecting the brand story, being playful, signaling exclusivity, and virtual merchandising). We then discuss how retailers can utilize social and technological tools to amplify the retailer identity to consumers, thus increasing the likelihood that a consumer will view their identity congruent with the retail brand.

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Introduction

In today's interconnected, online world where the customer journey evolves across multiple channels, retailers must have

clear identities that they communicate effectively to consumers. Having a retail brand identity that overlaps with the consumer's identity enhances the opportunity for the retailer to forge a meaningful consumer-brand relationship; one that leads to higher customer engagement, enhanced brand loyalty, and increased willingness to pay. While it is critical for retailers to establish a congruence between the consumer's own identity and the retailer identity, it is also important to recognize that both identities will continually evolve. To maintain congruence between the identities, the retailer must constantly identify, craft, and integrate consumer experiences across touchpoints in a manner that resonates with the consumer.

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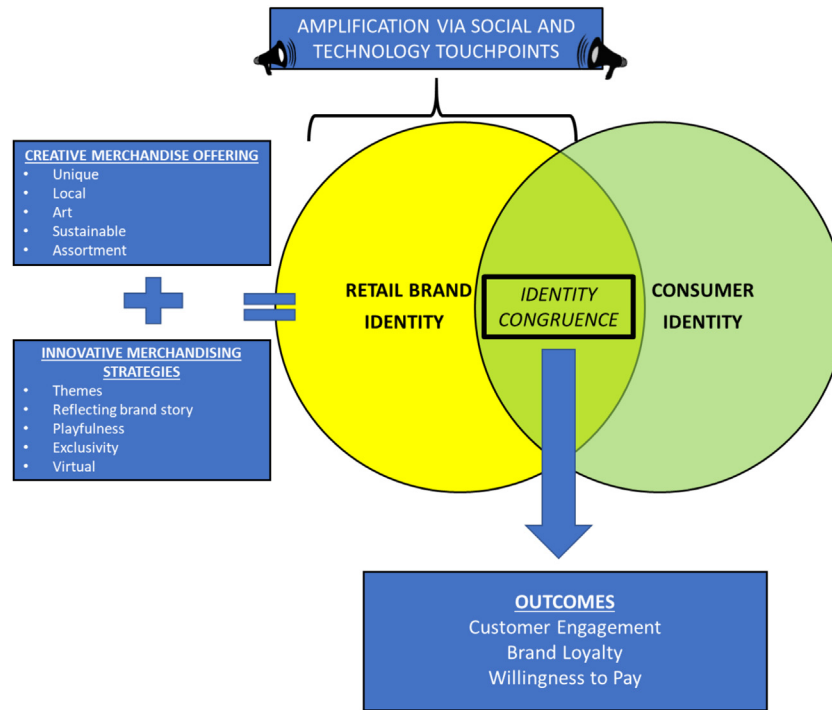


Fig. 1. Overarching Framework.

In this research, we develop a conceptual framework (see Fig. 1) to understand how the retailer brand identity and the consumer identity can overlap and form a congruence which facilitates the development of a strong and meaningful consumer-brand relationship. Based on interviews with retail practitioners and integration of insights based on past research, we formulate five ways in which retailers can establish and convey unique retail identities through the merchandise they offer. These include: 1) focusing on unique, original merchandise, 2) leveraging local merchandise to reflect the characteristics of the area they operate in, 3) making their merchandise akin to art, 4) offering sustainable merchandise, and 5) including high fashion products in their assortment. In addition, we determine five innovative merchandising methods that will facilitate communication of their retail identity to consumers. These include: 1) creating themes, 2) reflecting the brand story, 3) being playful, 4) signaling exclusivity, and 5) virtual merchandising. Although there are other ways retailers can build and convey their brand identities, we focus on merchandise and merchandising as they lend themselves to creative and innovative ideas and can be changed relatively quickly.

We then discuss how the retailer can amplify how their brand is perceived. Two common ways to amplify the retail brand identity are via social touchpoints and use of technology. Social touchpoints can be company-controlled online media (e.g., retailer brand community), non-company controlled online social networks (e.g., Facebook, Instagram), as well as offline social touchpoints such as a friend or family member, a salesperson, or even the density of other shoppers. Technologies can also be used to amplify the retail brand identity and increase the perceived overlap between the retail brand identity and the consumer's identity. Some technologies, such as avatars

and chatbots, allow the retailers to create virtual social touchpoints in the interaction between the retailer and the consumer; while other technologies leverage artificial intelligence (AI) with machine learning so that retailers can create personalized customer experiences; and others can simply create a richer, more engaging customer experience (Grewal et al., 2017; Grewal et al., 2020; Roggeveen and Sethuraman, 2020).

In the following section, we discuss the importance of identity congruence and how it enhances engagement and shapes customer-brand relationships. Next, we discuss creative merchandise offerings and innovative merchandising strategies as core retailing capabilities that shape how consumers perceive the retailer's brand identity. While creative merchandise and innovative merchandising have received limited attention in previous research, they are critical components of the relationship between consumers and a retailer. We conclude with a discussion of how social and technological features can amplify the retail brand identity and increase the congruence between the consumer and retailer identities. Table 1 provides a summary of related research on identity congruence, creative merchandise, innovative merchandising, social touchpoints, and the importance of technology in our context.

Identity congruence, consumer engagement and forging consumer-brand relationships

Identity congruence is the degree of overlap between a consumer's self-identity and the retailer's brand identity. Arguably, the greater their overlap, the greater the meaning a consumer can derive from a retail brand, which should lead the consumer to be more drawn to that brand (He et al., 2012; Sirgy et al., 2000). Thus, retailers must both effectively convey their own identity

Table 1
Illustrative Examples of Related Research.

Reference	Method	Results
Identity Congruence Sirgy et al. (2000) He et al. (2012)	Conceptual Survey data via interviews, SEM	Introduces a model of the retail environment, self-congruity, and retail patronage. Explore the customer-brand relationship from a social identity perspective. Shows that brand identity and brand identification by customers are pivotal in developing brand loyalty.
Creative Merchandise Newman and Dhar (2014) Steenkamp and de Jong (2010)	5 Experiments Web survey and mall intercepts, modeling	Consumers perceive products to contain the essence of a brand when created in the company's original manufacturing location. These products are then viewed as more valuable and authentic. Introduces and differentiates between attitudes towards global and local products. Consumers show a positive effect of materialism and social class in self-expression for both global and local products. However, an emphasis on tradition and conformity has a negative effect on attitudes towards global products, but a positive effect for local products.
Innovative Merchandising Dion and Arnould (2011) Logkizidou et al. (2019)	Qualitative study 3 Experiments	Luxury retail strategies builds upon the charisma of creative directors and integrates principles of art both in and outside of stores. Rather than focusing on the individual, luxury retail is producer oriented and amplifies the admiration of the creative director and the brand Display formats resembling museums are more effective in enhancing perceived luxury and purchase intention than conventional product displays. Hereby, the artistic element from the display is transferred to the product via a second-order spillover effect.
Social Touchpoints Argo et al. (2008) Esmark and Noble (2018)	3 Field experiments 4 Experiments	Building a physical model of contagion, the article shows that consumers evaluate products more positively if a highly attractive person of the opposite sex has touched the product. Consumers report higher purchase intentions when employees are close to them due to an increased feeling of acceptance. This effect is particularly strong for less expressive products and when it is important for the shopper to be included in the in-group.
Technology Hilken et al. (2020) Heller et al. (2019)	5 Experiments 5 Experiments	Social AR, such as employed by Snapchat, can increase advice sharing by the recommender and adherence to advice by the consumer if static (vs. dynamic) point-of-view sharing is matched with image-enhanced (vs. text-only) communication. Augmented reality can enhance the overall retail experience and increase decision comfort, WOM, and product choice of higher valued items. Serial mediation via processing fluency and decision comfort explains this.

and resonate with consumer identities that are most congruent with that brand.

A retailer's brand identity pertains to how consumers view the retailer as a brand, as well as the national and private label merchandise the retailer sells ([Grewal et al., 2004](#)). It represents the unique set of associations a retailer wants to create for its brand ([Alsem and Kosteljik, 2008](#)) – in luxury brand parlance – this is the brand's DNA. A strong brand identity is something retailers strive for and strategize to create, as it creates differentiation between competitor's marketplace offerings and signifies the value proposition of the focal brand to consumers ([Goodson, 2012](#)). To convey a consistent brand identity, the retailer needs to ensure that consumers perceive the retail brand in the same way across all stages of their journey and via all touchpoints, both online and offline ([Meyer and Schwager, 2007](#)).

For example, to create a memorable touchpoint, Tiffany & Co. built an ice-skating rink in Covent Garden London for visitors, amidst a Christmas-themed background decorated in the iconic Tiffany robin's egg blue color. The winter wonderland featured a giant perfume bottle diffusing Tiffany's new floral scent, which wafted through the air as skaters glided on a rink with snow gently blowing from a snow machine in one of London's most iconic locations. The powerful luxury experience conveyed by the visual and sensory elements of the Tiffany & Co. (see Web Appendix [Fig. 1](#)) brand, the background color, the

new merchandise (i.e., perfume), and the ability to make it snow, created a memorable and engaging experience that conveyed Tiffany & Co.'s identity - style, sophistication, quality and luxury. Tiffany & Co. has been trying to reach younger consumers, as evidenced by their "Believe" ad campaigns which featured celebrities and interracial and same-sex couples ([Pasquarelli, 2018](#)); the ice-skating activity likely conveyed this luxury brand image to younger consumers, many of whom posted their experiences on social media.

A person's self-identity is how the consumer views him- or herself, a view that is malleable and varying with the situation. It is sometimes referred to as self-concept and is based on how consumers view their personal identity ([Sirgy 1982, 1985](#)). Situations influence which identities come to people's minds ([Oyserman 2009a, 2009b](#)), such that "which aspect of identity comes to mind is a dynamic product of that which is chronically accessible and that which is situationally cued" ([Oyserman, 2009b, p. 278](#)). Products, brands, and experiences not only can make an aspect of a consumer's identity salient; they are also a means by which consumer self-identity is constructed ([Belk, 1988](#)). As such, retailers might be able to use advancements in social elements (e.g., social media, brand forums) and different technologies to amplify aspects of their brand identity, which, in turn, will trigger the consumer's identity that is most congruent with the brand.

When consumers perceive an overlap of their identity with the retail brand identity, they are more likely to engage with the brand and develop a stronger and more meaningful consumer-brand relationship. This notion of retailer-consumer identity congruence builds from self-congruity theory. Self-congruity is the match between the people the consumer views as the typical clientele/patrons of the retailer and how the consumer views him/herself (Sirgy, 1982). We suggest that retailer-consumer identity congruence is not based on the match between the consumer's self-identity and the expected clientele of the retailer (as in self-congruity theory), but rather on a broader conceptualization of a retailer brand identity. Extending Sirgy, Grewal, and Mangleburg (2000) who suggest that self-congruity will impact retail patronage, we suggest that retailer-consumer identity congruence will result in enhanced brand engagement and forge a strong consumer-brand relationship.

Consumers seek brands that share characteristic attributes or values that they identify with or aspire to (Fournier, 1998), and they value connections with brands that grant them opportunities for self-identification as well as for self-expansion. Novel, exciting experiences with a brand may help consumers broaden their self-identity or consider new perspectives (Reimann and Aron, 2009). A stronger customer-brand relationship also increases people's motivation to maintain that relationship, and the resulting consumer behaviors often are measured as brand loyalty (Thomson et al., 2005), acceptance of brand extensions (Fedorikhin, Park and Thomson 2008), or a willingness to pay a premium or perform effortful actions for the brand (Park et al., 2010).

Retail stores (online and offline) can be critically important touchpoints for establishing consumer-retailer relationships during a customer's purchase journey. Retailers present their offerings (merchandise) and communicate their brand identity through visual and sensory elements (Helmefalk and Hultén, 2017). The look and feel of the store (online and offline), in terms of its décor, signage, sensory elements, and interactions with salespeople, can be as important as the merchandise offered for shaping consumer perceptions (Biswas, 2019). Specifically, merchandise and merchandising can inform consumers' perceptions of the identity of the brand (a unique set of associations the firm wants to create for its brand; Alsem and Kosteljik, 2008) and impact the *actual* associations consumers form with the brand (the brand image and brand personality; Aaker, 1997). Building on previous research, in this paper we argue that the retailer can use creative merchandise offerings and innovative merchandising strategies to forge a unique retail brand identity, communicate this identity to consumers in a way that enhances consumers' perception of the overlap of this identity with their self-identity, and as a result helps forge a stronger consumer-brand relationship.

The composition and the size of the product assortment, arrangement or organization of the products, and quality of the merchandise on offer communicate what the brand represents and help categorize the brand in consumers' minds (Desmichel and Kocher, 2019). Using schemas or mental maps, consumers quickly categorize retailers according to the type of merchandise they offer (e.g., children versus adult, high-end

versus mainstream, specialty versus general merchandise, discount versus high price; Chen et al., 2019; Kerin et al., 1992). Accordingly, effective retailers might use creative merchandise offerings together with innovative merchandising strategies to convey their brand identity, establish their congruence with shoppers' identities, and form lasting relationships.

Creative merchandise offerings

To create a unique retail brand identity, which can help consumers differentiate themselves and express their identities, retailers (especially of fashion items) continually renew and refresh their merchandise. In this section, we discuss five approaches retailers can use in the merchandise offered to define the brand: 1) unique and original merchandise, 2) local merchandise, 3) merchandise as art, 4) sustainable merchandise, and 5) the high fashion merchandise assortment (e.g., ratio of fashion items to basic items). In detailing these approaches, we draw from interviews with seven senior visual merchandisers and brand associates,¹ which we conducted both in person and over the phone; each of which lasted between 20–50 min. The series of questions we posed focused on merchandise and merchandising, such as, what makes their merchandise and/or merchandising creative or innovative, how they ensure both are consistent with the brand/retailer, what retailers they get inspiration from, examples of creative or innovative merchandise and merchandising, and technological solutions that have enhanced their visual merchandising in stores or online. The five themes derived are not meant to be an exhaustive list of merchandise approaches, however, were the ones emphasized by our respondents. Our respondents worked for mid- to high-end retailers and brands; different strategies are likely to emerge with discount retailers. Although we discuss each merchandise and merchandising approach individually in the next several sections, our respondents often spoke about using multiple approaches at once.

Unique and original merchandise

Unique and original merchandise is inspiring to customers and helps define the brand. To be able to sell unique and original products that customers cannot find elsewhere, retailers might design private-label products themselves or offer products created uniquely for them. For example, Macy's features store brands sold exclusively at its stores, including Alfani, American Rag, and Bar III. Moreover, to add an extra ingredient beyond selling their in-house designed collections, H&M has collaborated with Karl Lagerfeld, Stella McCartney, Versace, Alexander Wang, and Giambattista Valli, each of whom designed exclusive products for H&M. Still, other companies turn to customers to contribute to their creative process and co-create products. For

¹ Interviews were conducted with Åhléns, Head of Fashion Division and Head of Visual Merchandising; Moschino, Visual Merchandiser; H&M Online, Head of Visual Merchandising; Nordstrom two Visual Merchandisers and Sales Associate for Eileen Fisher Pop-In.

instance, Adidas provides an online option that allows customers to design their own Stan Smiths, such that they complete their journey with a pair of shoes that literally no one else has. These co-creation efforts increase interactions between firms and customers, establishing joint value creation opportunities pertaining to both the product and the experience (Vargo and Lusch, 2004).

What drives the demand for such merchandise? Several factors contribute to the success or failure of a merchandise line. Exclusivity and scarcity of the merchandise help retailers convey unique, luxurious, or fashion forward brand identities and consumers that want such exclusivity and scarcity are able to express their identities by buying and wearing such products (Kapferer and Valette-Florence, 2018). When they exhibit or communicate about unique products they find, it likely creates buzz and drives more traffic to the retailer's stores or websites (Dion and Arnould, 2011).

Local merchandise

Information about the origin of products (i.e., where they have been produced) can improve customers' product perceptions (Newman and Dhar, 2014). In service settings, customers who watch workers prepare their food offer higher service value perceptions (Buell et al., 2017). If they learn personal information about the person crafting the product, they also indicate higher willingness to pay and better evaluations (e.g., perceptions of the taste of a cookie; Fuchs et al., 2019). Even something as simple as knowing a server's name can increase tips by more than 50% (Garritty and Degelman, 1990).

Local and/or handmade merchandise also evokes more attraction than machine-made merchandise because it is perceived symbolically to contain love (Fuchs et al., 2015). These merchandise offerings in turn are more likely to be purchased as gifts for loved ones or if the buyer is trying to convey love. Thus, local and handmade merchandise can establish a positive identity for retailers and reflect distinct consumer identities and goals when purchased.

Beyond person-related and service-focused considerations, information about where merchandise has been produced, especially if it is local or handmade, helps retailers signal their local identity, relevance, authenticity, or heritage (Steenkamp and de Jong, 2010). H&M actively collaborates with local producers to add local merchandise to its stores and thereby creates a relevant merchandise assortment for customers (Gävert, 2020). Similarly, the Åhléns department store chain showcases local products in a separate section called "Market Place Retail" (Sundqvist, 2020). The products highlighted can range from food (local coffee) to clothing (local brands) to charitable causes at the point-of-sale (Gemzell, 2020; Hagtvedt and Patrick, 2016) (see Web Appendix Figure 2). With this localization strategy, the retail brand appears more relevant to consumers, who perceive that the local collections have been tailored for them. It also increases excitement and innovativeness at the store touchpoint, due to the uniqueness and local flair of the merchandise and the pleasure that comes from supporting a local cause or community (Hagtvedt and Patrick, 2016). In addition, it helps to minimize connotations of a larger chain taking away from the local econ-

omy, as well as helps with potential supply chain issues such as those that arose during the Covid-19 pandemic in terms of sourcing products from the global marketplace.

Merchandise as art

According to the art infusion effect (Hagtvedt and Patrick, 2008), art images integrated into packaging, advertising, or the product can increase a product's perceived uniqueness, sophistication, and prestige. In turn, people regard the product as more luxurious and express higher purchase likelihoods. In interviews with representatives from Moschino, we learned that the company explicitly designs creative merchandise as works of art, to be worn mainly on special occasions and likely only once or twice.

The design process aims to produce fun and creative products (e.g., handbags shaped as cigarette cartons or washing machines; see Web Appendix Figure 3), to ensure there is no question that the wearer has purchased a Moschino product (Angrisani, 2020). Dion and Arnould (2011) similarly argue that luxury products can showcase a brand's creative power, through art. Products oriented toward artistic worlds, such as those displayed during a runway fashion show (see Web Appendix Figure 4), exemplify retailer identities of exclusivity, distinction, otherness, and uniqueness. The couture apparel segment allows brands and retailers to highlight their creativity and art. Outside of the apparel world, a number of other brand types also create merchandise as art. For example, there has been a blurring of the line between art and design in furniture (Giovannini, 2007). Even bottles of wine, olive oil, and perfume are artistic, and results in many consumers collecting them as art.

Sustainable merchandise

Sustainable merchandise is sourced, manufactured, and shipped in a sustainable and environmentally friendly manner and then disposed of in a similar fashion, such as recycled or re-used. Many retailers market sustainable offerings to attract eco-conscious consumers (Walk-Morris, 2019). Beyond potentially saving the company money, retailers know that consumers look for brands that champion their environmentally friendly beliefs (Erez, 2019). This preference is especially prominent among younger consumers; Millennials and Gen Zers strongly believe that companies should align with their environmental values, rather than with Boomers' casual attitudes (Erez, 2019). Offering sustainable merchandise allows retailers to convey their environmentally friendly identities, making this aspect salient to consumers who are also eco-conscious. Establishing this congruence between the retailer's and consumers' identity leads to lasting consumer-brand relationships. Forever 21, a fast fashion brand, filed for Chapter 11 bankruptcy recently, and its lagging sustainability efforts have been cited as one of the reasons for its decline among its younger, eco-friendly, teen target market (McCarthy, 2019).

Unlike Forever 21, retailers should be innovative to meet the increasing sustainability goals expressed by consumers. In larger stores, H&M maintains a rental area, allowing consumers to

rent rather than purchase items, a unique offering among fashion retailers. In another garment collection area, consumers can recycle unwanted clothes (Gävert, 2020). Brands such as Patagonia, Eileen Fisher, Allbirds, and Greats have also developed reputations for their high sustainability standards (Erez, 2019). Eileen Fisher uses sustainable materials and environmentally responsible dyes whenever possible; Allbirds and Greats use natural fibers, or yarn spun from recycled plastics to create their footwear. Patagonia displays its eco-friendly stance prominently on its website, which proclaims, “We’re in the Business to Save our Home Planet” (Salpini, 2019). In support of this goal, it offers repair and reuse programs, and donates 1% of its annual sales to environmental organizations (Patagonia, 2020). Gucci is similarly leading the way to carbon neutrality – “balancing its carbon emissions by funding an equivalent amount of carbon savings elsewhere in the world” – which Gucci CEO Marco Bizzarri describes as “taking all steps to mitigate our impacts, including being transparent and responsible for our [greenhouse gas] emissions across our supply chains” (Fashion Law, 2019). A McKinsey report suggests that the importance of a company pushing their sustainability goals will increase as consumers develop a heightened sense of environmental goals while coming out of the Covid-19 crisis (Berg et al., 2020). Beyond being sustainable, it is critical that the brand convey those sustainability initiatives effectively to the consumer.

High fashion assortment

Retailers adopt different merchandise assortment strategies to convey creativity and innovation. A common strategy of our interview partners was offering a small number of high fashion products in relation to basic fashion products. High-fashion items generate lower margins and turnover, but their inclusion in the assortment can draw consumers to the store (Gävert, 2020). Åhléns department stores display high-fashion items prominently in their store windows to show off creative merchandise. Consumers walking by are intrigued by the unique items, which drives a trip inside the store, thereby increasing the likelihood to of purchase of items within the store. Most of those purchases tend to involve everyday basic items, which offer higher margins. Åhléns encourages such purchases, by mixing high fashion designer items and private-label everyday basics, which creates a fun atmosphere in which unique products pop up throughout the store (Sundqvist, 2020).

Because high-fashion products are not purchased as frequently, retailers tend to stock them in smaller quantities, such that they can be nimble and keep pace with changing fashion. Consumers also may visit stores more frequently, to view the new items. The actual number of products stocked varies as a function of the store size. In larger H&M stores, the ratio of high fashion to basic items is greater, whereas in smaller stores, the merchandise portfolio is skewed toward a larger assortment of basic products (Gemzell, 2020).

Our interview respondents noted that these assortment decisions conveyed their creative, fun, trendy, and unique identities. Consumers looking for these aspects would find congruence between their own and the retailer’s identities, ultimately lead-

ing to positive outcomes such as increased engagement, brand loyalty, and higher willingness to pay for products. As more luxury shopping move online during the Covid-19 situation (Sheth, 2020), even Amazon is integrating high fashion brands into their product portfolio though their Luxury Stores. It will offer a couture shopping experience that will feature established (e.g., Oscar de La Renta) and emerging fashion houses and brands (Miranda, 2020).

Innovative merchandising strategies

The store’s overall look and feel (off- and on-line) are key determinants of the retailer’s brand identity. This includes how the merchandise is showcased, as well as the ambiance/décor of the store. Offline merchandising involves sensory and visual elements of the store, salespeople, and informational posters and signage. Online visual merchandising involves the incorporating visual, sensory and design aspects to convey brand meaning to the feel of the website or mobile app. Consumers pick up cues from different environmental elements, which they then use to form beliefs about the retailer’s brand identity and image (Baker et al., 2002; Blut and Iyer, 2019; Helmeffalk and Berndt, 2018). These elements also enhance the pleasure of the shopping experience (Mathwick et al., 2001). Five innovative merchandising tactics emphasized in our interviews include: 1) creating themes, 2) reflecting the brand story, 3) being playful, 4) signaling exclusivity, and 5) virtual merchandising. Each of these help the brand connect to the customer.

Creating themes

Merchandising around themes implies regular changes taking place every one to two months. Two visual merchandisers we interviewed, from Nordstrom’s flagship store in New York City, mentioned a rock formation theme throughout the store in January 2020 (see Web Appendix Figure 5, Panel A). The inspiration for the theme came from Las Vegas rock pictures (see Web Appendix Figure 5, Panel B) that were perceived as fun, artistic, and colorful by viewers (Jones, 2020; Rose, 2020).

Another informant, who previously worked for Urban Outfitters, recalled themes such as “green plants” and “plywood” that defined visual elements in the store. Each store could interpret the elements differently, but visual merchandisers worked with store managers to introduce them into the stores, ensuring consumers knew they were in an Urban Outfitters store, regardless of which location they entered (Sundqvist, 2020). Feigenbaum (2016) notes that the visual merchandiser’s job is to accurately represent the brand image to connect the retailer to the consumer, while ensuring that each store communicates the same message to consumers. It is also critical to continue this theme in the company’s webpage, mobile app, and social media.

Using design elements and atmospherics to communicate the firm’s image is not a new concept; Bitner (1992) introduced the term “servicescape” to illustrate the importance of atmospherics in service experience settings. Yet a unique insight that emerged from our interviews revealed that many retailers change their themed atmospheric elements every month or two, to create

excitement and interest, while still aiming to maintain consistency with the image of the retailer. Other informants explicitly referred to themes in the center of the store. For example, Åhléns relies on the centers of its stores to provide display areas for fashionable brands, each showcased for a limited amount of time, like a popup store and a shop-in-shop simultaneously. With this strategy, it signals to shoppers that it remains ahead of fashion trends. Prior to the abrupt shift brought on by the Covid-19 pandemic, more than 90% of sales took place in brick-and-mortar stores (U.S. Census Bureau News, 2016), as such retailers were wise to use their available merchandising spaces (e.g., store centers) to showcase new trends, products, and ideas. In so doing, they blend communication and selling elements, “through the language of visual merchandising” (Feigenbaum, 2016, p. 3), and tell a story about the brand. Now that more shopping has moved increasingly online, it continues to be important for retailers to emphasize themes in their website, mobile app, and social media. These are like a window display which should grab a consumer’s attention with beautiful imagery and dynamic banners, introduce new products, and highlight brand campaigns.

Reflecting the brand story

Retail stores are often designed to be a visual representation of what the brand stands for – its story. Brand managers recognize that storytelling is an effective tool to create desire, fuel aspirations in consumers, and to forge a connection between a consumer and the brand. An important aspect of in-store storytelling is the role the retail store and the salespeople play in drawing the consumer into the world of the brand. A brand story experienced at the point of sale is different from the retail experience at the point of sale (Dion and Arnould, 2011). The Abercrombie and Fitch retail store creates a unique and identifiable experience - the dark lighting, flashing lights, loud music, and strong cologne scent – which is recognizable by a consumer but does not have a narrative that tells a brand story. Abercrombie and Fitch created a memorable atmosphere in the store using atmospheric elements (Bitner, 1992), however the history of the brand or other story elements have not been conveyed. In contrast, in a Chanel showroom the interconnecting “C”s² for the logo speak to the legendary Coco Chanel who created the brand. INSIDE CHANEL², a short movie clip with 12 aspects of Chanel’s life, was created to immerse consumers in the Chanel story and the history of the brand (Juozaponyte, 2015). In the store, every element of the retail experience - the lighting, the decor, the music - is intentional and thoughtfully put together to tell the story of this luxury and iconic brand. Together these elements transport the consumer into the world of the brand. Thus, the story elements are embedded in the innovative merchandising online and instore.

Apple designed their stores to be consistent with their brand by creating a feeling of luxury and innovation in their showrooms. They replaced checkout counters with roaming Apple Geniuses and moved more sales and service functions to the

web (Gurman and Townsend, 2019). The new Apple Store format is designed to display a range of products and make them accessible to touch and use. The open store format encourages consumers to feel that they are free to explore the store and merchandise without restrictions. The periphery of the store is where more concrete solutions might be found—the Genius bar, kid zone, displays of cases and accessories, and so forth. Apple’s brand identity is associated with creativity and innovation, which is apparent to consumers because the environment encourages a creative, innovative mindset among people as they walk through the store (Dolbec and Chebat, 2013; Fitzsimons et al., 2008).

Online it is equally important to convey the brand story. Consumers want to understand the brand and feel connected to it. Krochetkids, a brand focused on empowering people to rise above poverty, sells simple, high-quality, hand-crafted, and affordable items of clothing and accessories. They empower the women of Northern Uganda, India, and Peru with the knowledge, skills, and assets to build a better future for themselves. Krochetkids uses its web landing page to convey their mission and story through impactful words, pictures, and videos. Similarly, their social media channels include content that reinforces their brand story. Burt’s Bees also intertwines their story on their website and social media channels. They share their history through a stunning timeline rich with pictures which share the brand story both through words and images. Thus, online, the story is conveyed through content that conveys a clear brand storyline throughout the customer experience.

Being playful

There is an increasing drive to make retail environments more entertaining, fun, and pleasurable, highlighting the hedonic and experiential aspects of the retail experience (Babin, Dardin, and Griffin 1994; Holbrook and Hirschman, 1982). This is sometimes referred to as retailtainment. When marketers create fun, pleasurable experiences such as the option to create one’s own perfume in the Guerlain showroom on the Champs Elysees, consumers tend to evaluate the brand more favorably. Customers not only craft a unique scent (unique merchandise) but also engage in a learning experience related to the different scent notes that constitute their perfume and enjoy the luxury of the historic Parisian retail location. As noted previously, such co-creation experiences add value by personalizing the brand experience (Tynan et al., 2010). The journey that leads up to them leaving the store with a bottle of their own perfume is an engaging and fun holistic co-creation experience.

Playful merchandising can also entail novel activities; Dion and Arnould (2011) cite Printemps Hausman’s window displays that feature “living artistic directors” where even Karl Lagerfeld spent hours in the display window. When Åhléns launched Minimarket, its children’s brand, it sought to inspire both parents and children. It included playful displays such as having rubber ducks climb the display (see Web Appendix Figure 6). The launch was perceived as a great success (Sundqvist, 2020). Brands also can be playful online. This can be done through playful pictures, but also through activities. For example, Lululemon offers online yoga classes for their brand community.

² Movie website: <https://inside.chanel.com/en/paris-by-chanel>

These classes offer a fun and engaging way for consumers to interact with the brand, in a manner that is consistent with the brand offerings.

Brands have personalities (Aaker, 1997) and merchandising around key aspects to enhance those personalities is critical. Moschino products are often perceived as fun and creative by their shoppers, and consistent with this sentiment, the merchandising for these items also is extremely playful (Angrisani, 2020). Merchandising for merchandise as art, including the cigarette (see Web Appendix Figure 7, Panel A) and washing machine (see Web Appendix Figure 7, Panel B) handbags from Moschino, can emphasize the fun and playful nature of the brand.

Although playfulness came up in our interviews, merchandising around other brand personalities would be just as effective for some retailers. For example, Aaker (1997) identified five dimensions of brand personalities including: sincerity (honest, wholesome), excitement (daring, spirited), competence (reliable, successful), sophistication (upper class, charming) and ruggedness (outdoorsy, tough). For example, Hallmark would have an identity of sincerity, and Levi Strauss jeans are perceived as rugged. Merchandising around these respective themes would help bolster their brand identity in consumers' minds.

Exclusivity

Exclusivity in merchandising can be achieved through three general tactics: minimalist, limited duration, or museum-inspired displays. First, minimalist merchandising methods signal that the offerings are special, exclusive, and elevated (Dion and Arnould, 2011). At Nordstrom's in New York City for example, mannequins are anonymous, without hair or any distinguishing features, and are posed similarly (see Web Appendix Figure 8, Panel A). Even the themed displays remain sparse (see Web Appendix Figure 8, Panel B). Only two sizes of each style of garment may appear on the racks (see Web Appendix Figure 8, Panel C). This latter design feature establishes a clean, minimalist, and exclusive look, but it also forces consumers to seek out and talk to Nordstrom's well-trained salespeople to obtain their needed size. The international brand ACNE Studios similarly keeps its handbag displays sparse to signify exclusivity and force consumers to ask for different colors or styles (Gemzell, 2020).

Second, many retailers limit the duration they display their merchandise, such as by using pop-up stores. Pop-up stores offer access convenience (Berry et al., 2002), but only for a limited time, often with the goal of bringing in new customers (Klein et al., 2016). Pop-up stores like the Kate Spade holiday pop-up in Bryant Park, the Prada pop-up in Paris, and the Louis Vuitton pop-up in Milan (Weinswig, 2016) allow upscale brands to display their merchandise in accessible retail spaces where they would otherwise not be. Pop-up stores can offer the public a limited and exclusive opportunity to experience online only products in person. The Pop-in@Nordstrom locations showcase innovative products. A pop-up store for Eileen Fisher brand offerings in a New York City Nordstrom's (see Web Appendix Figure 9, Panel A) demonstrated both the use of themes and limited time displays; the theme was sustainable products geared

to draw in younger customers. (Nicole, 2020). Another pop-up store had featured Snoopy and Peanuts characters (see Web Appendix Figure 9, Panel B). By changing these pop-ups every four to six weeks, Nordstrom's indicates to customers that the items are only available for a limited amount of time to those lucky few who can visit while the pop-up remains operational.

Third, museum and art gallery techniques can apply to product displays. Logkizidou et al. (2019) show that staging products in such ways can increase product evaluations, like the inclusion of art elements in the product, because it creates a second-order spillover effect from the artistic essence of the display to the merchandise. Artistic merchandising links products with the artistic world, allowing products (notably luxury products) to be portrayed as timeless, unique, and scarce (Kapferer, 2012; Chailan, 2018). Such linkages buffer products from mass production perceptions, even when popularized (Wetlaufer, 2001).

The Covid-19 pandemic significantly impacted many luxury, clothing, and fashion-oriented retailers. These retailers have had to increase their online presence to compete as they decrease their physical store footprint. However, to compete within the physical stores and maintain the feeling of exclusivity for these brands, some boutique stores have offered by-appointment shopping before and after closing giving consumers exclusive, one-to-one service when the store is limited to only a few customers. Other retailers host offline events that are limited to a small number of VIP guests (VMSD Reader, 2020). Even Amazon is limiting their Luxury Stores to invited Prime shoppers (Miranda, 2020).

Virtual merchandising

As more consumers shop online, retailers must be adept at creating virtual experiences that help strengthen the retailer brand identity in an online format and reinforce the retailer-consumer brand identity congruence. Central to these efforts are having a well-designed home page, an easy to navigate website, which is optimized for mobile devices, as well as a superior mobile app. The content included on these platforms must include high-quality photographs, user-generated content as social proof, as well as filters and autocomplete features to remove friction points from the customer experience. In addition, retailers should leverage the ability to display products with collections or complementary products. Utilizing collections allows retailers to drive customer identification with the products and encourages customers to dive deeper into the retail space (Wallace, 2020). Displaying products together with complementary products leads to increases in sales (Sarantopoulos et al., 2019).

Most powerful though are the sophisticated digital tools that allow retailers to personalize the shopping experience. These tools allow retailers to tailor the shopping experience to each customer displaying the products and collections that will enhance the congruence between the consumer and that retailer. In addition, retailers are trying innovative new ways to connect with customers online. These include one-to-one and one-to-many models. One-to-one models allow the company to connect with customers at an individual level. This is done via live chats,

live videos, phone calls, or texts. Fashion stylists who share styling advice and product recommendations, as well as offer to take care of the planning and management of the virtual wardrobe do some of this (VMSD Reader, 2020). Lane Crawford, a Hong Kong department store, has introduced an app which allows associates to send personalized looks to customers (Paton, 2020). In addition, some companies are leveraging augmented reality in these interactions to allow the customer to experience the merchandise. For example, Estée Lauder allows customers to upload their images and “try on” any shade of lipstick to see how it looks on them. They also offer a Foundation Finder which allows the mobile site to access the phone camera and try on foundations in real time. Estée Lauder also leverages “questionnaires” which allow the customer to identify the skin tone that best matches her skin. These interactions direct the customer to the most appropriate products, increasing the overlap the customer will perceive between the brand and their own identity.

Another approach is to offer one-to-many models. These allow the company to simultaneously connect with multiple customers around the globe through platforms like Instagram Live, Zoom or LiveStream. Neiman Marcus has offered such virtual events (Paton, 2020). Increasingly companies are offering services where an expert live video streams while customers ask questions and get answers in real time via a chat component. Products can also be linked to the video and customers can shop directly from the feed. The retailers also post these videos so that they are available for customers in the future allowing them to learn from the expert and shop from the products connected to the video. These virtual merchandising models allow retailers to use innovative ways to connect with customers and showcase their merchandise.

Amplification of the retailer brand identity via social touchpoints and technology

As discussed above, the greater the overlap between a consumer’s identity and a retailer’s brand identity, the more likely it is that the brand resonates with the consumer, drives engagement with the brand, and forges a meaningful and lasting consumer-brand relationship. While creative merchandise offerings and innovative merchandising strategies offer several ways in which the retailer can build and convey its brand identity, the retailer can also use other complementary tools to amplify this identity. This amplification may help to trigger the consumer’s self-identity that is most congruent with the retailer’s brand identity and to increase the perceived overlap between the two identities. Two ways to amplify the retailer brand identity are via social touchpoints and technology.

Social touchpoints

Salespeople are a key touchpoint in the consumer journey which can help to forge a relationship between the consumer and the brand and reinforce the retail brand identity to the consumer. Consider a Chanel salesperson, for example, who might sell the iconic Chanel classic quilted handbag by referring to it by its

popular nickname - the 2.55 bag. The name 2.55 represents the birth date of the bag since Coco Chanel created it in February 1955 (Clinton, 2014) and the use of the nickname by the Chanel salesperson gives her the opportunity to weave a story about the heritage of the brand and contributes to the rich brand DNA of Chanel. In doing so, she contributes to the retail experience to transport the consumer into the world of the brand. As such, a woman does not buy a 2.55 bag because she needs a place to put her phone and keys; she buys it because she is transported by the Chanel story, and she desires to be part of that story.

Beyond salespeople, there are many other social touchpoints which are key elements in many customer journeys (Thomas et al., 2020). These touchpoints can exist both online and offline, with consumers switching between these channels to gather information about products, consider alternative options, or share post-purchase opinions (Lemon and Verhoef, 2016). Blog reviews provide detailed evaluations of products, Instagram influencers advertise designer clothing, and retailers such as Sephora build their own online customer communities. These social factors exert significant effects on customers’ experiences and their purchases increasing the likelihood of an overlap between consumer identities and retail brand identities (McWilliam, 2000). Online social touchpoints include social media, such as Instagram, Facebook, Twitter, as well as online brand communities and blogs. These touchpoints are places where other people provide opinions and perspectives of the retail brand including its merchandise and merchandising and provide a means by which consumers can stay in touch with brands on a day-to-day basis. These social sources signal brand authenticity (Morhart et al., 2015) and subsequently forge consumer brand relationships.

Recognizing the importance of user-generated content as social proof about products and service, retailers are embedding this content into their websites. In addition to displaying ratings and reviews below the product picture, some retailers are adding them to their photo displays and email marketing (Mandell, 2016). Such social proof conveys a legitimacy that a consumer would normally get from their peer/family circle (Mandell, 2016).

While the ideal is that these social mediums highlight the retail brand in a positive fashion, which strengthens the overlap between the consumer and retailer identities, it is possible that the opinions of others may dampen the connection that consumers feel with the brand. Negative electronic word of mouth on established websites has been shown to directly impact loyalty and purchase intentions (Park and Lee, 2009).

Social media can also create social media storms; when Rent the Runway, for example, offered a pink faux fur coat (Figure 11, top left picture), many women quickly signed up to receive the distinctive, creative merchandise, prompting their male significant others to react in apparent shock and embarrassment at the bright color (Cerón, 2019). Various women posted these reactions on Twitter and Facebook, prompting a chain reaction among women from all over the country, who posted pictures of themselves in the jacket, styled various ways, in a strong show of support (see Web Appendix Figure 10). The series of testi-

monials, pictures, and interactions influenced how subsequent potential renters viewed the merchandise and the brand.

Social media can be populated with information from connections who are known to you personally, as well as connections who you may not know well. Among these connections are likely to be social media influencers. Social media influencers are people who have built an online reputation for their style, knowledge, or expertise on a topic. They act as independent third-party endorsers who shape audience attitudes (Freberg et al., 2011). Even though retail brands cannot directly control influencers' activities, they can solicit endorsements from some popular influencers. While it is unclear how much of an impact these influencers may have, many companies believe that their online presence is impactful and pay these influencers based on the number of their followers. Because there has been limited research into the actual impact of online influencers, this is an area ripe for exploration.

In addition, retailers sometimes encourage customers or even employees to post pictures of themselves in their favorite outfits or styles. These images are then seen by the poster's social network. Engagement with such content, as evidenced by click-through rates and likes, is often higher than that evoked by professional posts of carefully modeled pictures (Gävert, 2020). This again allows the retail brand to amplify their identity by having the merchandise shown on an individual who then shows that to their social circle. People in their social circle are then more likely to view the brand identity as congruent with their own identity. By leveraging the power of online communities, retailers can better highlight their retail identity and increase the connection that individuals feel to that identity.

Social networks, obviously, are not limited to online networks. Consumers continue to be impacted by the opinion of a friend or family member they may be shopping with (Mangleburg et al., 2004), by the presence and interaction with sales staff while shopping (Baker et al., 2002; Esmark and Noble, 2018), the physical appearance of sales staff and other customers (Argo et al., 2008), and crowding in the retail space (Knoefler et al., 2017). These elements, including both active and passive social influence factors (Argo and Dahl, 2020), impact how the consumer views the retailer brand. Active social influence factors involve tangible verbal or physical interactions, such as when a salesperson mimics a customer's verbal and non-verbal cues, which increases sales and evaluations of the store and the salesclerk (Jacob et al., 2011). Passive social influences happen without the customer's knowledge or attention, such as crowding in a store. Van Rompay et al. (2012) demonstrate with a field study that people with a high need for affiliation spend more in crowded stores.

As these examples illustrate, the impact of social influence on shopping is diverse. Social influences from employees, to blogs, to other customers (both in-store and on-line) communicate brand information, fostering connections and influencing how the brand is perceived, and as such, can serve to heighten perceptions of the retailer's brand identity. This suggests that retailers must carefully manage social influences in a manner which will serve to enhance the overlap between the retailer identity and the consumer's identity.

One critical way for retailers to do that is by using metrics to understand the value of the various touchpoints involved in the customer journey. With a wide breadth of touchpoints involving technologies at each stage of the customer journey (Roggeveen and Sethuraman, 2020), retailers can capture a multitude of data to evaluate their effectiveness. For example, retailers can capture how long a consumer spends on a specific page, track customers' journeys across a range of touchpoints, and determine the acquisition cost per customer. Even with non-technologically based touchpoints, such as customer-salesperson interaction, the salesperson can leverage CRM systems to enhance their interaction with the customer. In addition, the retailer can follow-up with an emailed survey to collect feedback about the customer's interaction with a salesperson. By understanding the value of the different social touchpoints, retailers can identify how to adapt and iterate their brand more effectively. In addition to using technologies to collect data and evaluate the effectiveness of touchpoints, technologies are also used to amplify the retail brand identity in a manner which will be viewed as congruent with the consumer's identity.

Technology

Technology allows retailers to connect with consumers through non-human social connections; like in the case of online avatars and chatbots. These technologies, powered by AI, allow the brand to connect with the consumer in a way that feels personal and engaging (Sievers, 2019; Van Doorn et al., 2017). In fact, research has shown that avatars on websites can increase consumers' affect and shopping value (Wang et al., 2007). In addition, Luo et al. (2019) establish that AI-empowered chatbots are as effective as proficient workers. However, they do note that the effectiveness decreases by around 80% when customers learn they are talking to a chatbot before the conversation starts.

Beyond its support for avatars and chatbots, AI combined with machine learning can derive personalized customer experiences (Shankar, 2018). The Van Heusen clothing brand encourages customers to complete a style questionnaire, and then its AI-powered systems, which also integrate data from fit scanners, personalize suggestions for other clothing options. Then the AR displays depict how the recommended items would look on the shopper (Amed et al., 2018). In this manner, the technology is helping the retailer showcase merchandise that will best connect with the identity of the consumer.

Similarly, technologies are helping retailers target specific consumer segments with relevant content (Davenport et al., 2020; Miller and Hosanagar, 2019). For example, consider the Magic Wristbands available in Disney parks, which customers use as room keys, tickets, and payment methods, collect constant consumption and location data. By collecting and leveraging the information gathered by the wristbands, Disney's AI system can suggest customer-tailored attractions and is able to guide them around busy areas. Nike also collects data when customers create personalized shoe designs, and then suggests other styles they may like. Artificial intelligence enables the use of narrow-casting too, so information is shared with narrow audiences. For

example, retailers might target in-store advertisements or menus based on customer information, neighborhood demographics, or weather conditions (Grewal et al., 2020), again, helping to amplify the retailer brand identity in a manner that will best connect with the consumer.

It is important to note that while technology clearly can enhance the customer experience, it might also cause harm, including the potential for bias (Miller and Hosanagar, 2019). Dynamic pricing models that rely on AI, for example, perpetuate race and gender biases. Targeted marketing based on AI and machine learning algorithms thus may enhance the customer experience but only when managed carefully.

In addition, technologies such as augmented reality (AR) allow brands to create the feeling of an experience with the brand. For example, ASOS provides an AR app that allows customers to view models as if they were walking before them; the CEO of the AR firm that developed the app noted that the goal was to create a more intimate buying experience (Whitman-Stone, 2019). With this technology, computer-generated information enhances the real-world experiences, showcasing the merchandise, so it can create memorable moments and engage customers. As another example, an AR-based virtual shoe try-on technology adopted by Wannaby allows consumers to walk by a mirror, select a style of running shoes, and see how they look, such that they can assess the style without trying on anything (see Web Appendix Figure 11). Such AR applications enhance customer perceptions of the brand by increasing a sense of spatial presence (Hilken et al., 2017), which in turn increases their likelihood of accepting recommendations (Hilken et al., 2020). These technologies are also likely to be increasingly important as stores promote contactless environments to reduce the spreading of germs.

Technology can also support richer brand-led experiences, as highlighted by the Tiffany & Co. skating rink we mentioned previously. Snow machines, large-scale scent diffusers, and an ice-skating rink would not be possible without modern technology. The resulting immersive, interactive experience enhances the overall retail experience (Heller et al., 2019), and such merchandising techniques represent an important trend in retailing (Grewal et al., 2017). Dynamic retail displays and animated logos can also lead to richer, more vivid experiences (Brasel and Hagtvædt, 2016; Roggeveen et al., 2015). For example, AWM creates smart shelves that change displays based on consumers' proximity; when consumers are far away bright flashing pictures capture attention, as the consumer gets closer more product details (e.g., price, brand name) are displayed which increases engagement in the products (AWM Smart Shelf, 2019). Relatedly, Perch technology unites digital content with physical products the moment consumers touch the product (Edelson, 2014). This allows for dynamic, animated, and more vivid descriptions of the product to increase engagement and brand storytelling. Animated brand logos are also gaining in popularity and allow retailers to convey brand personalities and storytelling (Brasel and Hagtvædt, 2016).

Other technologies, such as embodied and disembodied robots, avatars, and virtual reality, offer a high social presence and convenience for the customer (Grewal et al., 2020). These technologies can supplement and enhance the customer experi-

ence by increasing the vividness of the experience and helping to increase the connection the customer may feel with the retailer brand identity.

Leveraging technologies, the Samsung 837 location in New York City is designed to be a digital playground and “a creative expression of Samsung’s brand,” according to its general manager. The creative, immersive consumer experiences showcase Samsung’s innovative technology, signature services, and corporate culture through inventive installations and creative touchpoints. Two such touchpoints are the Social Gallery that encourages people to discover a “new perspective to who we are as individuals and social beings” and the Playroom that allows them “to create their own customized cases” (Samsung, 2016). This is a great example on the overall role technology can play both in communicating and reinforcing the brand’s identity, and allowing consumers to express and enhance their own identities with the ultimate purpose of increasing the perceived overlap between the brand and the consumer identities. Combining technology and sensory cues that allow the customer to personalize their experience, interact with the brand identity, and express their own creativity (Izadi et al., 2019), allows brands like Samsung to forge a stronger connection with the consumer’s identity.

The technologies presented in this section are not exhaustive but are meant to highlight how retailers are using technology to help consumers connect with their brand. Technology can engage customers by personalizing products, offering relevant content and richer experiences, and increasing spatial presence, just to name a few examples. As technology becomes more social, immersive, and better at predicting purchasing patterns (Grewal et al., 2017; Grewal et al., 2020; Roggeveen and Sethuraman, 2020), retailers’ abilities to amplify their brand identity by engaging consumers is likely to increase. It is important, however, to recognize that there are limits to how far a retailer can personalize. Privacy restrictions protect consumers and limit retailers from examining consumer behavior across the different brands in their portfolio.

General discussion

This research develops a conceptual framework focused on the importance of creating a strong identity congruence between a retailer and a consumer. It is based on the premise that a retailer’s unique brand identity can resonate with a consumers’ identity to enhance consumer engagement with the brand and forge a meaningful and sustainable consumer-brand relationship.

To create this congruence, the retailer must first have a unique brand identity. One of the main ways the retail brand identity is established is through the merchandise they offer. We present five ways in which retailers can establish unique retail identities through their merchandise: by focusing on unique and original merchandise; leveraging local merchandise; making their merchandise akin to art; offering sustainable merchandise; and offering a mix of high fashion items in their assortment that draw people into the retailer’s stores. Once the merchandise is decided upon, the retailer must then determine how showcase it

in online or physical stores. These merchandising decisions help connect the brand to the customer. Some innovative merchandising methods, which can be applied both offline and online, are creating themes to display the merchandise, reflecting the brand story through the merchandising, being playful in how the merchandise is displayed, signaling exclusivity through the merchandising, and virtual merchandising. It is important to note that the five merchandise and five merchandising strategies identified in this study were derived from interviews we conducted with retail practitioners. It is likely that had we interviewed a different set of executives we may have identified an additional set of strategies.

While a retailer can effectively differentiate itself through its merchandise and merchandising using the techniques highlighted above, it is critical that their techniques do not alienate loyal consumers by being too creative or progressive in the styling of their merchandise and their approaches to merchandising (Sundqvist, 2020). Merchandise buyers must strike a fine balance of going about gaining new customers, while keeping up with current merchandise trends, and not losing regular customers. Similarly, they need to ensure that their creative merchandise and innovative merchandising continue to match their values, such as sustainability, equality, or diversity. Another challenge retailers with a heterogeneous customer base face is deciding whether to create multiple brand identities that overlap with different customer segments' identities or to focus on an identity that would resonate with a large group of customers. This decision should be based on relative attractiveness of different customer segments and how similar their identities are.

Once the retailer brand is clearly established, it is then important for the retailer to amplify how that brand is perceived. Two common ways to amplify the identity are via social touchpoints and technology. Social touchpoints can be company-controlled online media (e.g., retailer brand community), non-company controlled social networks (e.g., Facebook, Instagram), as well as offline social touchpoints such as a friend or family member, a salesperson, or even the density of other shoppers. Other areas to consider could involve the role of the celebrity or influencers that are used and how they fit with the brand and the consumer (e.g., country of origin fit: Roy et al., 2019). How these social touchpoints portray the retailer's brand is critical in how others may perceive it. The ideal way is that the social touchpoints enhance the perception of the brand and strengthen the overlap between the consumer and retailer identities. Social touchpoints can include connections that are personally known to each other, as well as more distant connections such as social media influencers. By leveraging the power of communities, retailers can better highlight their retail identity and increase the connection that individuals feel to that identity.

Directions for future research

It is our hope that our conceptual framework will enhance future research in understanding how the retailer-consumer identity congruence can help forge meaningful consumer-brand relationships that result in enhanced engagement, brand loyalty and willingness to pay. In Table 2 we have listed a set of viable

directions for future research in this domain of investigation. We discuss a few in detail next.

Retailer-Consumer Identity Congruence. Much research is needed to better understand the creation of brand-consumer identity congruence creation when a brand is first introduced, as well as to understand to what level increasing the congruence between the retailer identity and consumer identity is beneficial. Is there a threshold level beyond which increasing the overlap between consumer and retailer identities may result in negative outcomes? That is, would too much overlap in the identities make it appear as if the marketer is patronizing consumers, rather than supporting their identity or make the retailer uninteresting? Dove and its Real Women campaign has long supported women and encouraged their self-esteem by seeking to redefine what society regards as beautiful. Such a campaign highlights the importance of social influences and the role of positive brand messaging. This helped further strengthen the brand's identity, and in a manner enhanced the congruence with the identities of customers who had similar beliefs.

It is also important to understand incongruity in the retailer – consumer identity. We know from previous research (Patrick and Hagtvedt, 2011) that there can be incongruity between existing possessions and new acquisitions in terms of design salience. One way customers can resolve this incongruity is by buying more. Based on this insight it would be interesting to investigate whether retailer-consumer identity incongruence can stem from other sources identified by Patrick and Hagtvedt, 2011, Table 1) and how the retailer can use this incongruity to facilitate buying more. The idea of leveraging incongruity in a positive way, to decrease product returns and increase retail sales is interesting. Other important areas of investigation could include examining the identity congruence between a multi-brand retailer (e.g. Macy's), an individual brand (e.g. Marc Jacobs) and a consumer. The creation of multiple retailer brand identities that overlap with different customer groups' identities can be beneficial and these multiple identities can be separated through the use of technology or by the different social platforms utilized to access different customer groups.

Creative Merchandise Offerings and Innovative Merchandising Strategies. An area that deserves a great deal of attention in the retailing literature is creative merchandise offerings and innovative merchandising strategies and the interplay between the two. As we examined these constructs in our review of the literature, we found little academic research that has focused on consumer responses to different merchandise and merchandising decisions and how the retail identity shaped by these factors helped or hindered the formation of a retailer-consumer brand relationship. It is critical to understand the effects of both the merchandise offered and how they are displayed in both online and physical stores. Will the different formats convey the retailer's brand identity differently? Additional research is needed to understand how optimal creative merchandise and innovative merchandising strategies vary for different types of retailers. For some retailers, the store is the brand (e.g., H&M, Zara, Victoria Secret). For others, the store features a compilation of multiple brands (e.g., Dillards, Saks Fifth Avenue, Macy's), often including their own store brands. Creative mer-

Table 2
Future Research Directions.

Retailer-Consumer Identity Congruence

- What other factors can result in the incongruity between current possessions and retail merchandise that can shape consumer behavior? How can a retailer leverage incongruity to decrease product returns and increase product sales in related categories?
- How does incongruence between a brand and a multi-brand retailer impact consumers' purchase behavior? What happens when the brand identity of a specific brand (e.g. an edgy brand) and the retailer's identity (e.g. a staid and upscale brand like Harrods) are incongruent with one another? Which identity does the customers resonate with, and why?
- How do retailers adapt to a heterogeneous customer base? Can a retailer have only one retail brand identity or can it have multiple identities tailored to different customer groups? Can retailers leverage technologies to adapt to different consumer identities? What happens when some of the multiple identities of the retailer are incongruent with each other?
- To what level is increasing the congruence between the retailer identity and consumer identity beneficial? Is there a threshold level beyond which increasing the overlap between consumer and retailer identities may result in adverse outcomes? Is this threshold unique or does it depend on other factors?

Creative Merchandise

- What is the relative effectiveness of the different merchandise creation methods identified in this research in helping to establish the retail identity? Are there interactions between the different types of merchandise offered? Should retailers focus on one strategy or can they adopt multiple strategies? Would focusing on multiple methods to create the merchandise enhance the retail brand identity, or would it dilute it? What are the conditions under which we would observe brand identity enhancement versus dilution?
- How does merchandise exclusivity contribute to the success or failure of a merchandise line? How does the social influences of opinion leaders and buzz contribute to the success or failure of the merchandise line?
- How do creative merchandise and merchandising strategies interact? Do retailers creatively develop new merchandise that organically lends itself to creative merchandising?

Innovative Merchandising

- How does merchandising online differ from in-store merchandising? Would online merchandise convey a retailer's brand identity more or less than in-store merchandising?
- How does merchandising vary for different types of retailers, product categories, and brands? Does it differ for single-brand versus multiple-brand retailers? Should brands and department stores utilize different merchandising strategies? How should these strategies vary depending status of the brand? How should these strategies vary based on the product category?
- When is merchandising distracting in a way that it hurts the retail brand identity?
- At what stages in the consumer journey is the customer most receptive to different merchandising elements? Does this depend on the product category, brand, or the retailer?
- What is the optimal ratio of high fashion and basic items in the store for different types of retailers? Where should high-fashion items be placed in the store?
- How does merchandising strategy interact with pricing and promotion strategy?
- How do creative merchandise and innovative merchandising strategies interact with each other? Under what conditions would they complement each other versus be substitutes.

Social Touchpoints

- How can salespeople foster the relationship between the consumer and the retail brand? What training techniques can be developed to shift a salesperson's mindset from a transaction "close the deal" mindset to a relational "brand ambassador" mindset? What tools (e.g. storytelling) are most effective in enhancing the overlap between the retail brand identity and the consumer identity? What role can the salespeople play in online retailing in fostering the consumer-retail brand relationship?
- How can different social media platforms (e.g. Instagram, TikTok, Pinterest) be leveraged to create a strong consumer-retail brand identity overlap? What role do these platforms play in the consumer journey? Are some platforms more effective in creating the initial contact and developing the relationship (e.g. Instagram, TikTok, Pinterest) while others are better at maintaining it (Facebook, Twitter)?
- What other cues might signal relationship quality online?
- What impact does social media influencer activity have in fostering identity congruence between a brand and a consumer? What is the impact of influencers on consumer perceptions of brands? Can social media influencers enhance the overlap between their followers' identities and the brand's identity? Does congruence between the influencer identity and the presented brand's identity play a role in how consumers react to those advertisements? What cues can signal brand relationship quality in online communications about the retail brand?

Table 2 (Continued)

Retailer-Consumer Identity Congruence

Technology

- Advances in AI and machine learning allow retailers to narrowcast customers and personalize content to the individual. How does narrowcasting increase the perceived identity congruency between retailers and customers? Does targeting in-store advertisements or menus based on customer information or neighborhood demographics amplify the overlap between the retailer brand identity and the customers' identities?
- How does technology that is used to personalize the retail experience impact retail brand identity perceptions? Does personalizing products through technology enhance the overlap between customers' identity with the retailer brand identity? Can retailers develop a robust consumer-brand relationship by engaging customers in the product personalization process and through co-creation?
- Technology enables designers to create logos and brand design elements that are novel and innovative (e.g. animations). When do these logos enhance the consumer-brand relationship versus detract from it, for what kinds of companies or brands?
- When do technology touchpoints distract away from a retailer's brand identity?

chandise and innovative merchandising strategies might also differ for multi-brand versus single-brand retailers. Similarly, these strategies may function differently for regular versus luxury brands and may vary across product categories. More research is also needed to investigate how creative merchandise and innovative merchandising strategies interact with each other. Would a retailer like H&M for example benefit from using innovative merchandising themes in displaying its creative merchandise offerings curated through designer collaborations? While intuitively, one would expect that synergies might be achieved if these strategies can be used in a complementary fashion, in real life, resource constraints may force retailers to put more focus on creative merchandise or innovative merchandising strategies.

Social Touchpoints. The study of how social touchpoints can foster the relationship between the consumer and the retail brand is a rich and fertile area of future work. The possibilities are immense and research questions about how the different social touchpoints can enhance the congruity between the consumer identity and retail brand identity abound. Furthermore, how the consumer and retail brand relationship is developed and maintained through social touchpoints over time is an important aspect of customer relationship management (CRM) research – dubbed social CRM by [Malthouse et al. \(2013\)](#).

The landscape of social media platforms is a constantly changing one. How can different social media platforms be leveraged to create a strong long-term consumer-retail brand relationship? What role do these platforms play in the consumer journey? Are some platforms more effective in creating the initial contact or developing the relationship (e.g. Instagram, TikTok, Pinterest) while others are better at maintaining it (Facebook, Twitter)? How can retailers navigate the ever-fickle nature of social media and leverage positive and negative comments?

Regarding specific social touchpoints, one might study the evolving role of the salesperson in the retail store. Rather than simply servicing the consumer's needs, the salesperson might have to take on the role of the brand ambassador and be the human touchpoint in the consumer brand relationship. Research related to training salespeople to shift their mindset from a transaction “close the deal” mindset to a relational “brand

ambassador” or “influencer” mindset is an important area of research to pursue. Relatedly, what tools (e.g. storytelling) are most effective in enhancing the overlap between the retail brand identity and the consumer identity? And, given the increasing importance of the online channel in retailers' market strategy over time, what role can the salespeople play in fostering the consumer-retail brand relationship in the online channel?

Given the credibility of peer-to-peer communication, how does online word-of-mouth, especially from an influencer, affect the consumer-brand relationship? [Zhang and Patrick \(2019\)](#) find that how a consumer refers to a brand (using the brand formal name or a brand nickname) serves as a cue of relationship quality. Indeed, a consumer referring to Target as Tar-Jay signals a closer relationship with the retail brand and comes across as a more credible source of information about the brand. What other cues might signal relationship quality online?

Technology. Several important milestones have been achieved in understanding the role that technology can play in making the identity congruence between retailer and customer salient and in shaping the consumer-retailer relationship. Indeed, we now know that technology can amplify the congruity between the retail brand identity and the consumer's identity. Some technologies, such as avatars and chatbots, allow the retailer to create a virtual social touchpoint for the interaction between the retailer and the consumer. In addition, by leveraging AI with machine learning retailers can create personalized customer experiences which help to enhance the perceived congruity between the retailer brand identity and the consumer identity. Augmented reality allows brands to create the feeling of an experience with the brand. A variety of technologies can also be used to support richer brand-led experiences which are more immersive and engaging for consumers, making the connection between the brand and consumer even stronger. For example, a picture of a red sweater in an advertisement, if clicked on, can take the shopper to a page with pictures of different styling options for the sweater, a video, or a customer wearing the garment. Such efforts are presumably more successful if a designer collaboration is supported by several social influencers, in which situations customers tend to tag themselves wearing the same outfits ([Gävert, 2020](#)). Although this phenomenon is well-studied, studying the

theoretical underpinnings around which to design experiences utilizing AI, augmented reality, and virtual reality offer considerable potential for future research.

It is also interesting to understand the efficacy of the underlying algorithms used in online retail environments to display products to consumers. Unlike in-store where many merchandising decisions are made by visual merchandisers, online merchandising decisions are often based on algorithms to determine which products to show to consumers (e.g., based on their browsing or purchase history). A consumer's viewing and clicking habits can prompt algorithms to determine what they will be shown next, which helps retailers stay relevant online (Gävert, 2020). Metaphorically, physical stores give consumers only one door to enter, but online shops open hundreds of doors, with a click, so retailers must leverage their data to ensure that every virtual door opens onto a relevant product. The balance between high-fashion and basic merchandise is easier to master online. If a shopper clicks on or buys a fashionable dress, digital traces can track which relevant, complementary items she also buys. Such data showed H&M that online shoppers often buy much different combinations than the retailer would have predicted, so it uses the gathered consumer purchase information to alter its product presentations. Thus, the question arises – what happens if the retailer only shows a consumer their AI-signaled preferences? How will this narrower exposure impact their purchases? Will they be in a fashion bubble?

Some technology clearly helps retailers in increasing the relevance of their offerings to an individual consumer and, in turn, in increasing the overlap between the retailer and consumer identities. According to Gävert from H&M, urgency in promotional offerings (e.g., one-hour promotions) is one of the best ways to convert shoppers online. These promotional messages can be amplified using the power of social touchpoints. However, challenges in this approach can also arise. Consider for instance, the annoyance and frustration a consumer feels when she is repeatedly shown ads for products she does not like, for products she has already purchased or for products that are not in stock.

Conclusion

In an everchanging and increasingly fast-paced world, when retailers take the time to invest in a relationship with the consumer by getting to know and understand her, customers appreciate this connection which, in turn, brings value to the company. Our model is based on the premise that the partnership a retailer fosters with the consumer via identity-based congruence between the retail brand and the consumer, can have a positive impact on the development and maintenance of the consumer-brand relationship.

In an increasingly online world, the brand story of the retailer becomes even more important in differentiating the retailer. As Stephanie Phair, chief customer officer of Farfetch and current chair of the British Fashion Council, said, people “want to buy from companies that have a mission. . . . Boutiques and brands . . . give the product meaning. The key points are storytelling, meaning, [and] purpose” (Berg et al., 2020). In addition to authenticity, sustainability has also become a critical point for

many retailers to build a strong brand identity (VMSD Reader, 2020). Customers will continue to desire unique, original merchandise. Sourcing local merchandise not only allows the retailer to differentiate themselves, but it also reduces stress points in the supply chain system.

The importance of virtual merchandising will be accelerated, with an emphasis on unique ways for retailers to connect with individual customers (one-to-one models), as well as a multitude of customers (one-to-many models). Here the importance of frontline service personnel will be critical in helping to enhance relationships with customers (Mende and Noble, 2019). In this virtual environment, the key aspects of creating themes, reflecting the brand story, being playful, and signaling exclusivity all continue to be important in shaping the consumer-brand relationship. Only the medium by which this is accomplished is shifted to emphasize the online world. In addition, the social and technological tools to amplify the retailer identity to consumers will be even more important in this fast paced and ever evolving world of retailing.

Appendix A. Supplementary data

Supplementary data associated with this article can be found, in the online version, at <https://doi.org/10.1016/j.jretai.2020.11.006>.

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